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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03
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OMB-01 TRSE-00 IO-13 /073 W
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P R 120853Z JAN 78
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TO SECSTATE WASHDC PRIORITY 4338
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION USNATO
DIA WASHDC
USCINCEUR VAIHINGEN GER
USNMR SHAPE BRUSSELS BEL
COMUSFORAZ

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 0275

E.O. 11652: XGDS-1
TAGS: PINT, PO
SUBJECT: PSD: SA CARNEIRO AND SOUSA FRANCO MEET HEAD ON

SUMMARY: EX-OFFICIO PRESIDENT SA CARNEIRO HAS PREPARED A SERIES OF REVISED PARTY STATUES DESIGNED TO STRENGTHEN HIS OWN INSTITUTIONAL ROLE WITH THE PARTY STRUCTURE. INTERIM PARTY PRESIDENT SOUSA FRANCO, HOWEVER, HAS REFUSED TO SUPPORT THE PROPOSALS AND THE TWO HAVE NOW LOCKED HORNS IN A PROCEDURAL STRUGGLE SOME PARTY INSIDERS FEEL COULD SPLIT THE PSD. END SUMMARY.

1. SA CARNEIRO MAKES HIS MOVE: WITH THE PSD EXCLUDED,
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BY CHOICE, FROM AN SIGNIFICANT ROLE IN MARIO SOARES'S EFFORTS TO FORM A SECOND CONSTITUTIONAL GOVERNMENT, EX-OFFICIO PSD PRESIDENT SA CARNEIRO HOPED TO ASSURE HIS OWN FOLE AS THE PRINCIPAL PSD TACTICIAN AT THE JAN 7-8 NATIONAL COUNCIL MEETING IN FARO. HE PLANNED TO SEEK COUNCIL APPROVAL FOR:
-- THE REDUCTION IN SIZE AND IMPORTANCE OF THE NATIONAL

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POLITICAL COMMISSION. HIS PROPOSAL WOULD CUT THE COMMISSION
(IN WHICH HE WAS TWICE OUTVOTED, PRECIPITATING HIS
QUASI BREAK WITH THE PARTY MACHINERY NOV 10) FROM 19 TO
11 MEMBERS;
-- THE CREATION OF A 20-MEMBER PREMANENT COMMISSION OF THE
NATIONAL COUNCIL WHICH HE WOULD HEAD; AND
-- THE INSTITUTIONALIZATION AS A "NATIONAL ORGAN" OF THE
PARTY PRESIDENCY WHICH HE EXPECTED TO REASSUME AT THE
NATIONAL CONGRESS SCHEDULED FOR JAN 28-29 IN OPORTO.

2. INTERIM PRESIDENT SOUSA FRANCO EMERGES FROM THE SHADOWS:
SOUSA FRANCO, AS INTERIM PARTY PRESIDENT SINCE NOV 11, HAS
LED THE PSD IN INTERPARTY NEGOTIATIONS AND DISCUSSIONS
WITH PRESIDENT EANES SINCE THE FALL OF THE SOARES GOVERNMENT
DEC 8. SOUSA FRANCO HAS IN THE PROCESS REINFORCED HIS
REPUTATION AS A METICULOUS AND--UNLIKE SA CARNEIRO--EMOTIONALLY
MODERATE PSD RALLYING POINT.

3. ...AND COUNTERS FROM STRENGTH: ACCORDING TO PSD
INSIDER VITOR ANTONIO, SOUSA FRANCO REFUSED TO SUPPORT SA
CARNEIRO'S PROPOSED CHANGES AT THE JAN 7-8 NATIONAL COUNCIL
MEETING UNLESS HE AGREED EITHER TO:
-- SERVE AS PRESIDENT OF THE RESTRUCTURED POLITICAL
COMMISSION (THEREBY FORCING A SENSE OF ACCOUNTABILITY) OR;
-- ABIDE BY MAJORITY RULE IN THE PREMANENT
COMMISSION OF THE NATIONAL COUNCIL (WHICH HE WOULD HEAD) AND
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THE POLITICAL COMMISSION (ON WHICH HE WOULD SERVE).

4. SA CARNEIRO THREATENS TO WALK OUT: ACCORDING TO ANTINIO,
SA CARNEIRO REFUSED TO COMPROMISE. CONSEQUENTLY, SA
CARNEIRO AND SOUSA FRANCO ARE MEETING IN LISBON TO RESOLVE
THE PROBLEM BEFORE THE NATIONAL COUNCIL RECONVENES HERE
JAN 14-15. AT ONE POINT
IN THE DISCUSSIONS JAN 9, SA CARNEIRO REPORTEDLY THREATENED
TO BOYCOTT THE WEEKEND NATIONAL COUNCIL SESSION AND THE
UPCOMING NATIONAL CONGRESS AND PERHAPS LEAVE THE PARTY
ALTOGETHER IF HIS TERMS WERE NOT MET. SOUSA FRANCO COUNTERED
WITH HIS OWN RESIGNATION THREAT AND THE DISCUSSIONS RESUMED.

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5. PARTY UNITY THREATENED: SOUSA FRANCO'S RESPONSE TO THE SA CARNEIRO PROPOSALS REFLECTS HIS OWN UNWILLINGNESS TO PLAY THE FALL GUY. SA CARNEIRO'S GOAL IS TO RETAIN CONTROL OF OVERALL PSD POLICY FORMATION AND IMPLEMENTATION AND AVOID FRONT LINE POLITICAL WRANGELES AND DAILY PROBLEMS OF PARTY MANAGEMENT. SOUSA FRANCO, HOWEVER, IS NOT WILLING TO GIVE HIM A FREE HAND--WITHIN OR OUTSIDE THE FORMALY PARTY APPARATUS. ACCORDING TO ANTONIO, A MODERATE, AND SOME FAITHFUL NORTHERN SA CARNEIRO SUPPORTERS, THE JAN 7-8 NATIONAL COUNCIL MEETING WAS DOMINATED BY SOUSA FRANCO. SA CARNEIRO NEVER ADDRESSED THE SESSION, AND THE STRAINS ARE BEGINNING TO SHOW. PSD SECRETARY GENERAL MAGALHAES MOTA-A SA CARNEIRO STALWART--HAS QUITELY SAID GOODBYE CONFIDENTIAL

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TO HIS OWN STAFF IN RECOGNITION OF ANTICIPATED REPLACEMENT.

6. SOUSA FRANCO DRAWS THE LINES: IN AN UNUSUALLY FRANK AND DETAILED INTERVIEW LAST WEEK, SOUSA FRANCO DESCRIBED THE DELICATE BALANCE WHICH TO DATE HAS HELD THE PSD TOGETHER. HE HIGHLIGHTED THE DISTINCT AND SOMETIMES CONTRADICTORY NATURE OF RURAL, NORTHERN-BASED AND URBAN PROFESSIONAL-BASED PSD SUPPORT (READ SA CARNEIRO VERSUS THE URBAN MODERATES). BOTH, HE ARGUED, ARE ESSENTIAL ELEMENTS IN THE

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FUTURE OF THE PSD. ABSENT EITHER ONE, THE PARTY WOULD SPLINTER. THE INTERVIEW APPEARED ONLY DAYS BEFORE THE JAN 7-8 NATIONAL COUNCIL MEETING AND EVEN SOME SA CARNEIRO LOYALISTS ADMITTED IT WAS THE CLEAREST EXPLANATION OF THE CENTRIFUGAL FORCES WITH THE PSD MADE BY ANY PARTY LEADER TO DATE. IT ALSO SERVED TO PUT SA CARNEIRO ON THE DEFENSIVE SINCE HIS DEPARTURE WOULD, ACCORDING TO SOUSA FRANCO, DESTROY THE PARTY. SOUSA FRANCO ON THE OTHER HAND PRESENTS HIMSELF AS THE POTENTIAL GRAND COMPROMISE IN THE INTERESTS OF PARTY SOLIDARITY.

7. COMMENT: INTERNAL TENSIONS WITHIN THE PSD HAVE TIED THE PARTY TO ITS CONSISTENT COALITION-OR-NOTHING NEGOTIATING STANCE. IF THE PARTY HAD PLAYED A MORE SIGNIFICANT ROLE IN THOSE DISCUSSIONS, THE STRAINS NOW SURFACING WITH THE PARTY MIGHT HAVE SHOWED SOONER. IF SOME INTERNAL COMPROMISE IS NOT REACHED THIS WEEK, THE JAN 14-15 NATIONAL COUNCIL SESSION AND PERHAPS THE END-OF-THE MONTH NATIONAL CONGRESS COULD DISSOLVE INTO CHAOS. THE ISSUE AT THE MOMENT IS NAT EXTERNAL PARTY POLICY BUT INTERNAL CONTROL.
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